

State Information Technology For the Next Generation

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Introduction

When I pause and step back from the daily flow of activities to consider from a broader perspective the major trends in the State's information technology program, I see before us a remarkable set of opportunities, most of which are already being pursued in the \$6 billion worth of reportable projects that are actively under construction. When taken as a whole, these opportunities and projects promise a generational transformation in government operations and services. We are now in the process of delivering IT for the next generation of California state government.

Foundation Building – Three Years of Success

As recently as three years ago, I could not credibly make this claim. Three years ago, we were still in the process of putting humpty-dumpty back together. We had only recently, with the creation of the IT Council, reestablished a small piece of enterprise-wide IT governance. We were taking our first enterprise planning steps with publication of the *California State Information Technology Strategic Plan*. We had no foundation on which to build IT for the next generation, and few significant accomplishments to our credit.

What a difference a little planning and three years can make. I do not exaggerate when I say that we have accomplished more in the last three years – working together across the branch – than was accomplished in the entire preceding decade. Consider our successes:

- We have improved cost-effective management of our IT infrastructure and contracts through consolidation activities and strategic sourcing, to the tune of almost \$100 million in annual savings. My thanks to the Department of Technology Services and the Department of General Services for leading these efforts.
- In Calnet II, we have established an efficient vehicle for the acquisition of comprehensive telecommunications and network services, giving us a solid foundation on which to build statewide networks and the enterprise applications that will run over those networks.
- We are promoting better access to government with a new and improved State portal, new and more open search engine technologies, new

departmental websites that are more user-friendly, the use of video streaming technologies to broadcast more and more open meetings, and any number of successful, ongoing projects that deliver government benefits and services to the public.

- We have established a robust set of security and privacy processes and educational programs which have helped us avoid the sort of large security incidents we have seen in other organizations.
- We have created a framework for an Enterprise Architecture, including a Service Oriented Architecture, that will help us build systems that are more likely to be interoperable and to have technologies that we can leverage across programs.
- We have made enormous progress in supporting our IT workforce, maintaining and then expanding training opportunities when others in state government were sacrificing their training programs, developing a proposal to update our IT classification system far in advance of other units, and jump starting a much broader modernization of state employment processes and practices.
- We have forged a partnership between the Controller, the Treasurer and the Departments of Finance and General Services to replace the State's antiquated business management systems with modern processes and technologies.
- Finally, and perhaps most significantly, we have extended our collaborative IT governance model beyond the IT community to encompass decision-making by the top executive leaders in the Executive Branch.

There is more work to be done on each of these foundational building blocks. We have not completed the migration to the new web look-and-feel, and portal services are still not widely available. Our security and privacy program is incomplete in several respects. Consolidation is an ongoing project, and strategic sourcing is now entering round two. Calnet II gives us a vehicle for acquisition, but it does not give us a strategic vision for what to acquire. Many of our IT workforce initiatives are in midstream, and we are particularly anxious to complete the new classification work and the new selection systems. Although substantial finishing work on these foundational elements remains to be done, with each passing day, the foundation becomes more stable and complete.

Generational Changes

That brings me to the transformational or generational changes that lie before us. These generational changes are clustered into five major groupings: (1) Telecommunications

and Networks; (2) Computing Infrastructure; (3) Business Systems and Applications; (4) Web-based Customer Interfaces; and (4) A major transformation in the State's workforce, not just in IT, but in virtually all classifications. Let me say just a bit about each of these areas.

Telecommunications and Networks

The Calnet II set of contracts gives us a box full of legos, but the box contains no instructions or even model plans. If we do nothing, every department will, in short order, purchase its own set of legos to satisfy its own, department-specific telecommunications and network needs. There is nothing inherently wrong with that approach. It is how we have done business for decades.

But I believe we can do better. I believe that – working collaboratively together – we can architect a statewide network and telecommunications infrastructure that will be more flexible, scalable, provide better security and be more cost-effective, than having 70 different departments build 70 siloed networks. I believe we can leverage the new technologies available on Calnet II to create virtual statewide call centers, to create common customer relationship management systems, and even to integrate our case management systems with our customer relationship management systems and call centers, as has been done to great public benefit in New York City.

My telecommunications vision document, along with the draft telecommunications strategic plan we will be considering later today, are a first step in that direction. It is a direction that will transform the way we communicate within government and the way we deliver services to the public.

Computing Infrastructure

When it comes to our basic computing infrastructure and legacy systems, we see modernization initiatives now underway across the Executive Branch. For example, the Department of Corrections & Rehabilitation, the Employment Development Department and the Department of Motor Vehicles, each has major modernization projects now underway, and EDD just came off of a complete refresh of all of its desktops statewide. The Department of Justice is pursuing a modernization of its largest and most important database system. The Health and Human Services Agency and the Office of System Integration is pursuing modernization of some of our biggest health and welfare systems consistent with the Governor's Health IT vision. Other departments will soon follow.

We are building the next generation of computing infrastructure and systems for the State. Our goal as we do this should be to build an infrastructure that is renewable on a routine schedule and to create applications that are well documented and maintainable notwithstanding personnel changes.

We need to work hard to avoid the mistakes that beset us two and three decades ago, when we essentially locked ourselves into one type or one brand of hardware and a set of legacy systems that today, we no longer can maintain. If we are careful and sophisticated about how we approach the market, we can transform our computing infrastructure and systems so that they not only deliver value to us today, but can be routinely updated and improved to deliver value to us on a continuing basis.

Business Systems and Applications

On the subject of business systems and applications, the pathway forward is clear. The Department of Corrections and Rehabilitation's BIZ project is already underway with integration services provided by IBM on an SAP platform. They promise to have the core elements of budgeting and accounting operational by FY 08-09, an aggressive timetable but one that CDCR is committed to meeting. I expect Caltrans will have a procurement out soon to replace their multiple budgeting and accounting systems with a single ERP solution. The Controller's 21st Century Project continues moving forward as well.

Our plan is that all agencies will be served by an enterprise-wide business applications solution through the Fi\$Cal Project, which is co-sponsored by Finance, the Controller, the Treasurer and General Services. Ultimately, even CDCR and Caltrans will migrate to the Fi\$Cal solution.

The Fi\$Cal project will transform for several generations the way State government performs most of its common back office and administrative functions.

Web-Based Customer Interfaces

During this same time, we will see virtually all agencies improving their customer interfaces and interactions, and moving more and more of government from paper-based operations to online, digitally-based operations. We have already begun the process.

The new look-and-feel guidelines free up webmasters and public information officers to rethink the information architecture and presentation of information on agency websites. The November 2007 deadline for accomplishing migration to the new look-and-feel – a migration that is a directive from the Governor's Office – will ensure that not too much additional time is spent focusing on presentation issues, and that departments will soon thereafter turn their full attention to developing and improving the services available on the web. After all, our focus should be more on the quantity and quality of the services that are web enabled than on the color and design of the background font.

By the end of this year, the Department of Technology Services should have a contract and consultant in place that all departments will be able to use to steadily build out more web-based services and transactions, to expand our web presence in the way expected by 21st century businesses and people. In several years, we should be able to look back with

satisfaction that we have transformed through the web the way government delivers services to the public.

The New Workforce

The transformational changes I have just described are going to create extraordinary demands upon our workforce, both our existing workforce and those new employees we are able to attract to State service.

We estimate that we face anywhere from a 10-15% gap in project and program staffing to support the transformational projects that are already approved and underway. And those figures do not take into account the large number of retirements that we know are coming.

Given this shortage, during the next 5 to 10 years, we are going to have to deploy our workforce with great care and thoughtfulness. We need to identify those activities that are most value-producing, such as work on enterprise, transformational projects, and assign our staffs to those value-producing activities, while simultaneously figuring out how to continue lower-value maintenance and operations with reduced staffing and resources. We need to reallocate our resources to emphasize innovation and change over routine, steady-state operations. This will be a major management challenge that each of you will be facing in your departments. Start thinking about it and planning for it.

The transformational changes that are underway will affect not only IT and project staff, but will change the very nature of the work performed by virtually all State employees. We are going to be changing the way we do business, changing state processes, and changing the channels through which we interact with our customers and with each other. In ten years, the State workforce itself will have a very different look-and-feel compared to today's workforce. It will be a workforce that is technologically enabled and sophisticated.

Conclusion

In conclusion, I want to congratulate each of you and all of us for what we have accomplished over the last several years, and for bringing us to the starting gate of what is going to be one of the most exciting periods of transformation and improvement that California's Executive Branch has ever experienced.